

Message Text

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21

ACTION TRSE-00

INFO OCT-01 EA-06 ISO-00 NEA-09 IO-10 CIAE-00 DODE-00

PM-03 H-01 INR-07 L-02 NSAE-00 NSC-05 PA-01 RSC-01

PRS-01 SP-02 SS-15 USIA-06 AID-05 EB-07 CIEP-01

STR-01 OMB-01 CEA-01 COME-00 FRB-03 XMB-02 OPIC-03

LAB-04 SIL-01 /099 W

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R 310738Z JAN 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 276

INFO AMEMBASSY JAKARTA

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 4/30/75

TAGS: ID, EAID, EFIN

SUBJECT: JAVA FISHERIES DEVELOPMENT PROJECT (INDONESIA)

REF: A) JAKARTA 997; B) TRSY 75-17; C) MANILA 840

1. ADB BOARD OF DIRECTORS ON JAN 30 APPROVED SUBJECT PROJECT. PRESS RELEASE BEING POUCHED.

2. USADB DISCUSSED WITH STAFF JUSTIFICATION INCLUSION OF 250 GT FISH CARRIERS. STAFF REPLIED COST BENEFIT ANALYSES HAD BEEN MADE DURING APPRAISAL RELYING ENTIRELY ON MOTOR TRUCKS TO SHIP PROJECT CATCH COMPARED TO INTERMODAL CHOICE OF BOTH MARINE AND LAND FACILITIES. THESE ANALYSES INCLUDED MARKETING CONSIDERATIONS AS WELL AS ALTERNATIVE SITES FOR PROJECT OPERATIONS WHICH TOOK INTO ACCOUNT LIMITED OFFICIAL USE

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ACCESSIBILITY TO FISHING GROUNDS AND MARKETS; TON/KILOMETER

SHIPPING COSTS; NEED TO DREDGE ALTERNATIVE HARBOR FACILITIES; COGESTION OF TANJUNG PRIOK PORT, ETC., WITH FINDING THAT OPTIMUM CHOICE WAS AS PROPOSED IN PROJECT DESIGN. UPON RECEIPT OF US DOT MEMO PER REF (B) STAFF WILL PREPARE WRITTEN REPLY.

3. DURING BOARD DISCUSSION, U.S. ALTERNATE DIRECTOR QUESTIONED INCLUSION IN LOAN OF CAPITALIZATION OF INTEREST DURING CONSTRUCTION, NOTING THAT ALTHOUGH BANK POLICY IS TO INCLUDE BOTH MACRO-ECONOMIC COUNTRY SITUATION AS WELL AS PROJECT CONSIDERATIONS, APPRIISAL DOCUMENT (PARA 67) AND PRESIDENT'S RECOMMENDATION BOTH ADVERTED ONLY TO PROJECT CONSIDERATIONS OF CASH FLOW DURING START-UP PERIOD. PRESIDENT REPLIED THAT ALTHOUGH BALANCE OF PAYMENTS RESERVE POSITION AND DEBT SERVICE SITUATION IMPROVED, INDONESIA STILL IN MIDST OF TRANSITION FROM CONCESSIONARY TO ORDINARY CAPITAL BORROWER, THAT COUNTRY STILL HAD HIGH POPULATION DENSITY AND POPULATION GROWTH RATE, CONSEQUENTLY STILL LOW PER CAPITA INCOME, AND THESE FACTORS TOGETHER WITH PROJECT CONSIDERATIONS JUSTIFIED INCLUSION OF INTEREST CHARGES DURING CONSTRUCTION INTO LOAN PRINCIPAL AMOUNT. IN REPLY TO U.S. ALTERNATE DIRECTOR'S QUERY, BANK STAFF ASSURED THAT BENEFITS OF THIS INCLUSION WERE BEING PASSED BY GOVT TO NEWLY ESTABLISHED EXECUTING AGENCY BY PROVIDING "HOLIDAY" ON INTEREST PAYMENTS REQUIRED ON ITS SUB-LOAN TO GOVT ON SAME BASIS AS BANK'S LOAN TO GOVT.

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: CunninFX
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